

Message Text

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11

ACTION EUR-25

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

PA-04 PRS-01 USIA-15 SAM-01 L-03 EA-11 DRC-01 /178 W

----- 022355

P R 260641Z SEP 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 7120

DEPARTMENT OF TREASURY WASHDC PRIORITY

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

UNCLAS ROME 13243

E.O. 11652 N/A

TAGS: EFIN, IT

SUBJ: ALLEGED US \$5 BILLION LOAN TO ITALY TIED
TO POLITICAL CONDITIONS

1. /SUMMARY/. EMBASSY IS SUBMITTING HERewith PARAPHRASED
EXTRACT OF ARTICLE WHICH APPEARED IN FINANCIAL DAILY
IL GLOBO ON SEPTEMBER 25 CLAIMING THAT US IS CONSIDERING
\$5 BILLION LOAN TO ITALY IN RETURN FOR CERTAIN GUARANTEES
BY ITALIANS REGARDING INTERNAL POLITICAL FORMULA. ARTICLE
IS DATED WASHINGTON 24 SEPTEMBER AND WAS WRITTEN BY
IL GLOBO CORRESPONDENT BARBARA SPINELLI. END SUMMARY.
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2. BEGIN PARAPHRASED TEXT WHEN PRESIDENT FORD MEETS WITH PRESIDENT LEONE ON SEPTEMBER 25, FORMER WILL HAVE HAD OPPRTUNITY TO STUDY AIDE MEMOIRE PREPARED BY AMBASSADOR VOLPE WHICH OUTLINES IN DETAIL POLITICAL, ECONOMIC, MILITARY, AND SOCIAL REALITIES OF ITALY.

3. "GUIDELINES" SUGGESTED BY AMBASSADOR VOLPE CONCERN POSSIBILITY OF LOAN BY US TO ITALY OF 3,000 BILLION LIRE (\$5 BILLION) IN CONTEXT OF CAREFULLY ARTICULATED PLAN TO AVOID CERTAIN POTENTIAL DEVELOPMENTS IN ITALY IN POLITICAL AND LABOR FIELDS DESIGNED TO ALTER EXISTING GOVERNMENT EQUILIBRIUM.

4. IN OTHER WORDS, AMBASSADOR VOLPE BELIEVES IT IS NECESSARY TO REINFORCE CENTER-LEFT COALITION BY MAKING AVAILABLE MONETARY CAPABILITY WITH WHICH TO SPUR INDUSTRIAL DEVELOPMENT AND AT SAME TIME TO AVOID CONFRONTATION OF GOI WITH LABOR FORCES WHICH WOULD ENDANGER STABILITY OF GOVERNMENT COALITION. PURPOSE OF ALL THIS IS TO BLOCK POSSIBILITY OF "HISTORIC COMPROMISE" IN ITALY AND RENDER LESS POSSIBLE ACCESS OF PCI TO GOVERNMENT.

5. DETAILS OF US LOAN TO ITALY WILL BE WORKED OUT ON OCCASION OF BOI GOVERNOR CARLI'S VISIT TO WASHINGTON FOR ANNUAL MEETING OF IMF BEGINNING ON SEPTEMBER 30. IT IS NOT TO BE EXCLUDED THAT US LOAN WILL BE DISCUSSED WITHIN RESTRICTED GROUP OF RIVE INDUSTRIALIZED NATIONS SCHEDULED TO MEET IN WASHINGTON PRIOR TO IMF MEETING.

6. US SOURCES STATE THAT GUARANTEES BY LEONE AND MORO REGARDING STABILITY OF CENTER-LEFT GOVERNMENT WOULD OVERCOME ANY DIFFICULTIES REGARDING ITALY'S OBTAINING US LOAN. IN THIS REGARD, PRESENCE OF MORO AT RUMOR-SCHMIDT MEETING AT BELLAGIO SUGGESTS POSSIBILITIES THAT SCHMIDT MAY HAVE REQUESTED SIMILAR GUARANTEES IN RETURN FOR BUNDESBANK LOAN. END PARAPHRASED TEXT.

7. ARTICLE ALSO CLAIMS LEONE AND MORO WILL ASK THAT US NOT INSIST ON EXPANDED NATO PRESENCE IN ITALY IF BASES CLOSED IN GREECE, AS SUCH EXPANSION WOULD ONLY STRENGTHEN HAND OF UNCLASSIFIED

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LEFTIST FORCES WHO SEEK GOVERNMENTAL INSTABILITY WHICH US WOULD LIKE TO FORESTALL.BEAUDRY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, BANK LOANS, POLITICAL SITUATION, MILITARY BASES, CHIEF OF STATE VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ROME13243
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740271-0442
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740911/aaaaajer.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUL 2002 by maustmc>; APPROVED <10 JUL 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ALLEGED US \$5 BILLION LOAN TO ITALY TIED TO POLITICAL CONDITIONS
TAGS: EFIN, IT, US, (SPINELLI, BARBARA)
To: STATE TRSY
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005